

18 Nov 81

JJ

PA DIR INT

VIA: PA PROP DIR

BIO DEBUG i/c

CC: SPEC PJT - PR

CC: SPEC PJT - C

CSW: RECONTRACTING R BIO WITH OVG

Dear Sue:

SITUATION: Per OT 7 of my Project Orders, I am to work out a proposed recontracting of OVG and submit it as a CSW. This is now being done.

DATA:

1. My project orders state as follows:

OT 5. Gather together all the data on the contract sit and then after studying this, meet with Fiction Properties Dir re the possible publisher for the biog, getting all the data.

OT 6. In liaison with Fiction Properties Dir, Omar and PA Dir Int, work out the best possible handling of re-contracting Omar so that it is agreeable and is viable.

OT 7. Get this drawn up as a full CSW and get it onto the proper legal lines for approval.

A copy of my Project Orders is attached at "A".

2. I gathered all of the data per OT 5 and discovered that the various comm cycles on the biography had not been collected into one place. I do not know that I have been able to find every particle but it is apparent that enough has been gathered to now see the full situation and what occurred.

I met with Fiction Prop Dir on 8 Nov and discovered that since the PJOs were written St. Martin's press has expressed a strong interest in the biography. They are the ones currently seeking to print MTES.

3. In reviewing the data, it was found that a recontracting of OVG had been proposed but never activated. (This item will be taken up later in greater detail.) However, there are other difficulties in the current contracting and the solution being proposed is taking those into consideration as well.

4. While all data found has been copied and is included in this CSW, it can be quickly and easily reviewed with the time track

done re all the correspondence, telexes, meetings etc. This can be found at Attachment "B".

5. Basically, the situation(s) with the bio and the contracts revolves around the earliest intentions.

In the earliest correspondence found (7 Sept 80) from then Snr Pers PRO (Laurel) to Wertheimer, she announced that they were about to enter "the biography negotiations arena" with OVG and wanted his input on "the maximum advantages LRH could hope to achieve financially and publicly in the creation of this property." (emphasis added)

From that point on, much of the discussion involved how to get LRH money on the cycle.

6. On 16 Oct 80 T DG PR WW advised Snr Pers PRO on the issue of LRH owning the bio that "there could be some PR reciprocal" and OVG should be consulted on this as he has to handle it. There is no indication in the traffic that he was consulted.
7. On 17 Oct 80 a CSW was done from Snr Pers PRO (MCCS) to C re the bio contract. It was known that a contract was wanted with OVG to do the bio but it was not determined who he would contract with (2nd party).

OVG wanted to contract with the church but this was vetoed by LB1Dir GO WW who said it would put the church in the publishing business and present tax problems. (The tax problem is not stated in the CSW nor any solution.) LB1Dir GO WW said best financial position for LRH was for him to be 2nd party but noted "this is not the safest position PR-wise. It is not normal procedure for someone to commission an author to write a bio on oneself. Moreover, the objectivity of the product itself could be challenged and defeat the original purpose of the work by throwing a question at integrity of the author." (sic)

DG L WW and Wertheimer wanted LRH to be 2nd party.

The solution was that LRH be 2nd party and he gives OVG the advance. Then LRH would engage PDK as the publisher with percentages to be negotiated.

8. MSH "quasiapproved" the CSW yet proposed another handling. She wanted two contracts: PDK and OVG and another between PDK and LRH for separate royalties. This was on 18 Oct 80.

This is when the complexities entered.

9. On 30 Oct 80 OVG signed a contract with PDK for a \$20,000 advance (plus \$2000 advanced expenses). It was agreed then that both OVG and LRH would get 5% royalties.

Those undertaking the negotiations with OVG (which was done under a great rush with telephone calls between US and WW) knew of the second secret contract to be done between LRH and PDK but did not inform OVG who believed he and LRH were splitting the royalties. He did not know that it was being proposed that LRH be given a virtual split with PDK of their profits. (The exact phrase proposed was an amount "equal to the difference between his royalty and 50% of PDK's net proceeds." See Wertheimer letter of 17 Nov 80, Wertheimer letter of 26 Feb 81 and proposed contracts at 27 Mar 81 and 4 May 81.)

10. Depending on the amount of books published and cost (retail) etc, it was estimated that this 2nd (secret) contract would net LRH profits ranging from \$100,000 to \$475,000. (See estimate of PA Archivist at 18 Nov 80)
11. On 24 Nov 80 the Board of Directors of the C of S notified PDK that they agree to certain terms to help OVG (provide space, access to archives, an assistant, etc.) See PDK letter of 14 Nov 80 and C of S reply at 24 Nov 80.
12. The question of the standardness of someone splitting profits over someone else's biography of him was raised by LB1D GOWW in a 26 Nov 80 telex. He noted that it "seems very non standard" and asked for comparable cases. This was passed by Snr Pers PRO to Wertheimer who replied on 2 Dec 80 by not answering the question or even addressing the PR issue. Instead, he simply reiterated the need to provide LRH with funds and cited LRH's "loss of economic opportunity" as he (LRH) could hire a writer and keep all the profits. The matter was dropped and LB1Dir GOWW acquired on 2 Jan 81.

Thus the concentration became on how much money could be squeezed out for LRH and possible PR repercussions or even the withhold from OVG (who was told differently) was never taken up or handled.

In fact, a quick review of even the time track of this matter will reveal that most of the traffic has concerned money and not the product (the bio) or even the VFP (ARC for LRH.) It is not difficult to see that the money became the primary product and topic of discussion and this is where the cycle went off the rails for no one was working back from the product after MSH insisted on a separate contract for LRH.

13. On 4 May 81, the two PDK-LRH contracts were sent to MSH for approval. They were approved and sent to Wertheimer on 11 May 81. These were apparently sent on to PDK about 19 May. (There is no comm in the files but it seems to be referenced in the 1 Jun query on the 3 contracts coming through -- 2 for LRH and one for OVG.) There is no indication they were implemented.
14. The withhold began to appear when OVG wrote on 9 Jun asking for a few changes after discussing the matter with his attorney.

MCCS 4 says OVG "wants a typical industry scale" yet finds it "odd" that OVG now raises the points. She proposes an amendment to the contract which basically grants OVG's points. When WW is asked about it, DG PR WW (Sheila) says PDK does not want to change the contract and says OVG "is bound by the contract he signed. I would tend to agree as surely a contract is a contract - and to allow the changes allows him to commit an overt on us." (See her comm of 27 Aug).

No one answered OVG's letter.

15. A check with Larry Brennan who handled the PDK cycles (he happened to be in LA), Laurel Watson (former Pers PRO) and CAL (via telex) reveals no contract was effected between PDK and LRH. According to Brennan and Watson, PDK was about to undergo a name change and this was slowing up the cycle and with the post changes the matter fell between the chairs.
 16. This means there is only one contract in effect -- the 30 Oct 80 contract between OVG and PDK. He has been paid a \$20,000 advance and about \$5000 total in expenses. (According to PA Archivist he got another \$3000 back in about June in addition to the \$2000 expenses with the contract-signing. The records do not show that here, however, as the money came from PDK.)
 17. While there is nothing in the file specifically says that the OVG-PDK agreement was effected for the purpose of allowing the LRH money to move into PDK, this is implied in a comm from R Accts on 24 Mar 81 who said a holding company would be formed by PDK for royalty money and this was approved by MSH.
 18. Thus the entire contract scene revolved about money and put the project on a withhold.
 19. Brennan's original concern about the non-standardness of a royalty being paid the subject of a biography (see his telex of 26 Nov 80) is correct. If a person were to hire a writer for an "auto-biography" (these are sometimes bylined "John Wayne with Joe Blow") then royalties and profits are expected. But not with a biography.
- OVG is already in an odd position splitting his author's royalties with LRH. (Rather than getting a standard 10% of the profits, he is taking 5% and LRH is getting 5%.)
20. PDK is in no position to publish the bio. (The agreement also states that it is to be printed first in the US.) Thus a US publisher must be found.
 21. St. Martin's press would be an excellent publisher, especially if they take MTES. This would be excellent marketing. ("If you liked the novel, read his bio. If you liked the bio, read his novel.")

22. However, to get the book/bio to St. Martin's press means a new contract. Thus all of the "guarantees" sought by C of S reps in the 30 Oct 80 contract will simply go down the drain!

This is because the publishing company will have its own contract and it will determine the final content etc. (The attitude in the business is if you want to guarantee the content, then print your own book.) Thus the bio will face exactly the same professional cycles of action that will be faced by MTEs.

All the OVG-PDK contract gives, then, is a via as it is PDK which owns the book. If St. Martin's wants to buy it, then they will have to buy it from a Danish corporation.

Clearly, this is unusual.

23. LRH has made it very clear that he wants to attain an identity away from the church, that is, not disconnected from but in addition to in a manner that is as strong as or even stronger.

This cannot be done if his bio is owned by what will easily be seen to be a C of S company.

Albeit PDK is not part of the church (corporately) but it presents a PR problem.

And it is obvious that from the start the financial and legal problems were being handled rather than the PR problems. However, the biography is a PR product rather than any other.

24. The financial advantage to LRH will be through increased ARC amongst the general public which will then want to buy other works by him (including his fiction.)

Thus in the same strategy as Way To Happiness, the benefit will come back.

However, those who set up the agreements were trying to achieve the benefits immediately and did not give ample consideration to the PR problems involved. (No one in the files cited his desire to have an identity away from the church and how these contracts effected that desire.)

25. The greatest gift that we can give to LRH is a well-written bio that is broadly distributed, sold and read by an upstat firm and thereby increasing his non-Scn image and ARC with the general public.
26. This cannot be done under the present contract agreements. (And would have been virtually impossible with a PDK-R agreement.)
27. OVG's stats in the area of working with the church are excellent. He has maintained the tightest security and never done or said anything that at any time reflected in any way but favorably on the church and LRH.

28. He or anyone can do a biography of LRH anytime they please with or without the consent of anyone. In fact, Nibs has constantly threatened to do so (although Bl GO US estimates he is not taking any action beyond his continued threats) and one Michael Linn Shannon has done considerable work in the area. (His material was released by Michael Flynn a few weeks ago in CW and still can be picked up by anyone and either used or developed.)
29. Yet with a proven author (OVG) who has never proven to be anything but reliable we have sought unusual controls and restrictions. (By "unusual" meaning not what would normally be done with a biographer or in the publishing industry. OVG's contract is not a normal industry contract as admitted to by even those who worked on it. See 21 Jun 81 comm.)
30. If we are to achieve an ideal scene for LRH, it will have to be done by the most standard industry methods. That is undoubtedly how he wants MTES handled. He does not want the church to be a "via" on it or seek control.
31. Laurel Watson admitted she had no comm from LRH re the bio money etc. (See debrief of interview at 11 Nov 81.) She said the "problem" was "how to give R his due and make it worth his time etc as he didn't commission the bio and his personal life was going to be exposed so was it worth his while?"

Thus we have the altered importance underlying the cycle. The "problem" is not the money but his image away from the church.

32. Given LRH's desire in the matter, the OVG-PDK contract is not ideal. PDK cannot effect any guarantee of content etc and will only collect money. OVG meanwhile will be on the withhold that he is splitting the royalty with LRH -- which again involves him needlessly. (He should not be a withhold. On the other hand, for OVG to admit to it is not good PR for LRH.)

Thus the PDK-OVG contract should be closed.

33. To handle this biography standardly away from the church would mean that OVG is writing a biography and he will sell it to a publisher as any author does. The publisher will then pay him 10% etc via a standard author's contract.

Depending on the legal problems (which can undoubtedly be solved) the church could sign an Option Agreement with OVG to obtain the rights to the work after a certain period of time. (A copy of such an agreement between OVG and PDK can be found at the back of his 30 Oct 80 contract with them.) Or it could be done with Bridge if there are too many difficulties.

- N.B. 34. OVG is clearly the most trustworthy person we can have on this cycle and LRH has even expressed his own praise of OVG's approach. (See R's comm of 16 Mar 77 as Schedule B to the 30 Oct 80 contract. OVG's plan is Schedule A.)

35. Probably the most major concern on senior lines will be the matter of CONTROL and CONTENT to ensure that LRH is properly represented in a manner befitting him. After that will come the distribution and consumption of the product.

At the same time, a separation must be maintained between the bio and the church that is greater than currently exists.

36. OVG has already expressed an interest in "sidechecking" that is beyond the organizational lines. He met with David Gaiman (see debrief of 22 Oct 81) and has insisted that although David is off the lines that David sidecheck the bio for him.

The import of this insistence is that OVG is seeking a side-check and he is going beyond mere contractual requirements which now exist to achieve this. Had he been complying merely with the contract, he would have accepted another terminal. However, OVG has demonstrated not only an affinity for LRH but a desire to produce a product that is befitting the man. He is seeking out David because he worked with him and respects his literary opinion as well as expertise.

There is thus nothing with OVG to indicate that he would not want any sidecheck to be made regardless of any agreement.

37. However, should this be sought in the form of a contract with OVG, this can be done via an agreement with the church such as the one now existing with PDK.
38. It should also be recognized that while one can and should strive for the best possible product re image for LRH, there is also the PR liabilities of "control" re the production of the product when it comes to OVG's representation via PR.

This is similar to the connection via 5% to LRH.

Thus while we want to review the material, we do not want to have anything which either violates journalistic canons, ethics or puts us or OVG on a withhold.

39. We also want this to be on a standard author/book line.
40. This can be done by:
- A. Putting the book fully in OVG's hands. This would mean that the PDK contract comes back to him. This would necessitate that he buy out the contract.

This would now put OVG into the position of an author with a work to sell to an American publisher without a Scn group (PDK) as a via. (PDK would certainly be known as that.)

- B. OVG and the church negotiate and sign an agreement that he will be allowed the use of the archives providing there is a check allowed to ensure that the material appears accurately in the text. This is an agreement which, if it oddly came to it, could even be shown publicly by OVG as it would not be unusual.
- C. That there be no financial arrangement for LRH. The purpose of the bio is to make as standard a biography sold by a major house as possible and this is not standard.
- D. OVG thus sells the book on his own. There is no doubt that if St. Martin's wants it that they can get it as it is the best one and OVG will agree to it. OVG thus collects the standard 10% royalties.

This will allow OVG to be able to say there is no financial arrangement with the church and no "control".

41. POSSIBLE OBJECTIONS:

- A. We have no guarantees he will do it this way etc.

Reply: We don't have one now. Any time he wants to "bolt" he can. The contract only gives us a legal remedy and we would have a more serious PR sit than any legal sit. Contracts are only as good as the people who make them.

- B. There is no money/exchange for LRH.

Reply: The exchange is a good bio which will enhance his general repute for the first time. That is worth more. We should plan from the PR of the product and not merely the legal or the finance.

- C. How do we know he will represent LRH fairly?

OVG is a professional who has written other Scn books and it can be seen how he has represented LRH etc. He has allowed other things to be inserted by those in control (namely in "Playing Dirty" because it was a GO book and thus his own integrity was violated and what was produced was a poor product.) Additionally, it must be remembered that Shannon has already set the stage and tone. We can no longer continue to ignore certain facts for Shannon has found many and may find more. Besides, LRH liked his view. Also, a contract such as the PDK one won't produce this either.

- D. We have no way to stop it if we don't like it.

Reply: Bluntly, one wouldn't with the PDK contract either. Again, you can take the matter to court but that is then a messy issue and it is a PR sit. If OVG wants to squirrel and give us a hard time etc he can do this contract or no contract and we are not going to fight about LRH's life in a court so we might as well do it standardly and give him the beingness he deserves and the credit also. I believe it is a professional attitude LRH would give the man.

PROPOSED HANDLING:

1. That OVG be approached with the proposal that he should buy back the contract with PDK so that he owns the book and that this be sorted out. (To be done by terminal of your choice.)
2. That PDK be made the offer on the best lines.
3. That the book be sold back to OVG.
4. That OVG enter an agreement with the church to allow a check of the materials to ensure that the archival material is being accurately represented.
5. That LRH be kept out of this so there is no recoil.
6. That OVG agree to St. Martin's as first choice.

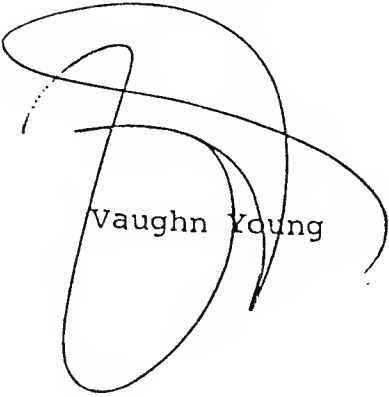
In short, that we now acquire and treat OVG as the professional he is and deal with LRH's bio in the most standard, professional way possible to achieve an equally standard product.

This is OK.

Much Love:

_____ APP

_____ DISAPP



Vaughn Young